

Message Text

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22/66

ACTION EUR-12

INFO OCT-01 ISO-00 CIAE-00 DODE-00 PM-04 H-02 INR-07 L-03

NSAE-00 NSC-05 PA-01 PRS-01 SP-02 SS-15 USIA-06 SAM-01

AID-05 /065 W

----- 097137

R 181735Z DEC 75

FM AMEMBASSY PARIS

TO SECSTATE WASHDC 6212

INFO AMEMBASSY LISBON

AMEMBASSY BONN

AMEMBASSY COPENHAGEN

AMEMBASSY HELSINKI

AMEMBASSY LONDON

AMEMBASSY MADRID

AMEMBASSY MOSCOW

AMEMBASSY OSLO

AMEMBASSY STOCKHOLM

USMISSION NATO

USMISSION EC BRUSSELS

AMEMBASSY LUXEMBOURG

AMEMBASSY BERN

C O N F I D E N T I A L PARIS 33086

C O R R E C T E D C O P Y P A R A 3

ZE.O. 11652: GDS

TAGS: PFOR, PO, FR

SUBJECT: SOARES LUNCH WITH SUVAGERGUES: PORTUGAL

NEEDS AID

REF: (A) PARIS 31808 NOTAL; (B) LISBON 7373 NOTAL;

(C) STATE 297463; (D) ROME 18381

1. SUMMARY: DEBENEST (QUAI'S PORTUGUESE DESK OFFICER),
WAS MOST APPRECIATIVE INFO PROVIDED LISBON'S EXCELLENT
REFTEL AND IN RETURN OFFERED FOLLOWING ACCOUNT OF
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HURRIED LUNCH SOARES HAD WITH SAUVAGNARGUES DECEMBER 14.

DEBENEST ALSO OFFERED COMMENT ON FRENCH BILATERAL AID FOR PORTUGAL (PARA 5) WHICH WE REPORT RESPONSE DEPARTMENT'S SUBSEQUENTLY RECEIVED REQUEST REF C. END SUMMARY

2. IN ESSENCE, SOARES TOLD FRENCH FONMIN THAT TIME WAS "NOW OR NEVER" FOR EUROPEAN AID TO HELP PORTUGAL OUT OF ITS SEVERE ECONOMIC PROBLEMS. POLITICAL SITUATION IN PORTUGAL WAS STABILIZING. THERE WAS NO MORE DANGER (SIC) OF EITHER RIGHT OR LEFT WING EXTREMISTS TAKING OVER. MOREOVER, BOTH SA CANEIRO AND CUNHAL WERE GETTING SOMEWHAT MORE REASONABLE. HOWEVER, INCREASED AID LEVELS FROM WESTERN EUROPE WERE NOW ESSENTIAL.

3. IF FRENCH HEARD CORRECTLY, SOARES SAID THAT IT HAD NOW "BEEN DECIDED" THAT PCP WOULD BE IN NEXT CABINET. SOARES PERSONALLY AGREES WITH ANTUNES ASSESSMENT THAT THIS IS ESSENTIAL IF PCP IS TO SHARE ONUS FOR PAINFUL BUT NECESSARY AUSTERITY MEASURES AND REFORMS, TO LIMIT EXTENT ITS CAPACITY FOR EXPLOITING RESULTANT DISLOCATIONS. SOARES RECOGNIZED PCP PARTICIPATION IS POSSIBLE ONLY IF CUNHAL IS COMMITTED TO PLAY BY RULES. WE ARE TOLD SOARES WAS MODESTLY OPTIMISTIC ON THIS SCORE, CLAIMING THAT PCP WILL REPEAT WILL ACCEPT PPD PARTICIPATION IN NEW CABINET. SOARES WAS ALSO SOMEWHAT ENCOURAGED BY GENERALLY MORE MODERATE PCP STANCE, INCLUDING CUNHAL'S RECENT PUBLIC "SELF-CRITICISM." SOARES TOLD SAUVAGNARGUES THAT ANTUNES WILL "DEFINITELY" STAY AS FOREIGN MINISTER; THAT THERE WILL HAVE TO BE SOME RESHUFFLING, PARTLY TO REPLACE DISSIDENT PPD MINISTERS; BUT THAT PRESENT PROPORTIONS IN CABINET WILL REMAIN ABOUT THE SAME.

4. AS FOR EXPECTED ELECTIONS AND CONSTITUTIONAL REFORM, WE GATHER SOARES' VISIT LEFT QUAI IN SOME DOUBT WHETHER FEBRUARY ELECTION TARGET DATE IS LIKELY TO BE MET. AS FOR CONSTITUTIONAL REFORM, EVENTUAL OUTCOME IS EXPECTED REINFORCE CIVILIAN POWERS, BUT, ON THE OTHER HAND, IS LIKELY PRESERVE LIMITED MILITARY OVERSIGHT ROLE OVER PORTUGAL'S POLITICAL PROCESSES FOR A CERTAIN TIME.

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5. IN RESPONSE EMBOFF'S QUESTION AS TO WHAT SAUVAGNARGUES TOLD SOARES WITH REGARD INCREASED FRENCH AND/OR EUROPEAN AID TO PORTUGAL, DEBENEST SAID THAT IT WAS NOT LIKELY THAT EEC AID PROGRAM WOULD BE INCREASED. FRENCH BILATERAL EFFORT, WHICH CONCENTRATED SO FAR ON TECHNICAL AND CULTURAL ASSISTANCE, HAD JUST BEEN RAISED FROM ONE TO THREE MILLION FRANCS PER YEAR. DEBENEST IS CLEARLY AWARE THAT THIS IS SMALL POTATOES. FOR PRESENT THERE

ARE NO OTHER FRENCH BILATERAL AID PROJECTS IN WORKS.
HOWEVER, DEBENEST DID NOT RULE OUT ADDITIONAL EFFORTS
IN PRINCIPLE, PARTICULARLY SINCE RATE OF DEVELOPMENTS
IN PORTUGAL HAD BEEN VERY RAPID.

6. IN THIS CONTEXT, DEBENEST SAID GOF IS CURRENTLY
SENDING ITS FIRST SENIOR GOVERNMENT REPRESENTATIVE TO
LISBON IN PERSON PAUL DIJOUD, STATE SECRETARY IN THE
LABOR MINISTRY RESPONSIBLE FOR MIGRANT WORKERS. DIJOUD
WILL DISCUSS BILATERAL PROBLEMS CONCERNING HIS MINISTRY.

HOWEVER, HIS VISIT IS ALSO INTENDED AS FURTHER POLITICAL
SIGNAL OF GOF SUPPORT FOR AZEVEDO GOVERNMENT. AS SUCH
DIJOUD WILL BE PREPARED TO BRING BACK ANY SPECIFIC
REQUESTS FOR AID WHICH PORTUGUESE MAY RAISE.

7. COMMENT: QUAI WAS CLEARLY IMPRESSED BY PROMPTNESS
AND RELATIVE SIZE US AID PROGRAMS FOR PORTUGAL (REFTELS
B AND C). ON THE OTHER HAND, OUR FIRST EXCHANGE HERE ON
THIS SUBJECT LEAVES US UNCERTAIN AS TO EXTENT TO WHICH
GOF WOULD BE WILLING TO SUBSTANTIALLY INCREASE ITS OWN
AID EFFORTS IN LIGHT FRENCH ECONOMIC PROBLEMS AND
BUDGETARY RESTRAINTS. EVEN SO, DEBENEST'S COMMENTS ON
DIJOUD'S MISSION SUGGESTS THAT THERE ARE OBVIOUSLY SIG-
NIFICANT MARGINS FOR MANEUVER. SUBJECT TO DEPARTMENT'S
AND EMBASSY LISBON'S GUIDANCE, WE MIGHT THEREFORE GIVE
THOUGHT TO FURTHER INFORMAL DISCUSSIONS WITH QUAI ON
FRENCH BILATERAL AID TO PORTUGAL, PARTICULARLY IF AND
WHEN PORTUGUESE NEEDS AS FAR AS FRANCE IS CONCERNED ARE
MORE CLEARLY ARTICULATED.

8. WE WILL ALSO ATTEMPT TO OBTAIN FRENCH PS IMPRESSIONS
OF SOARES' VISITS AND PLANS.
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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: ECONOMIC ASSISTANCE, DIPLOMATIC DISCUSSIONS, POLITICAL SITUATION
Control Number: n/a
Copy: SINGLE
Draft Date: 18 DEC 1975
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: CunninFX
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1975PARIS33086
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: GS
Errors: N/A
Film Number: D750441-0830
From: PARIS
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1975/newtext/t19751228/aaaaaycu.tel
Line Count: 155
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION EUR
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: 75 PARIS 31808, 75 LISBON 7373
Review Action: RELEASED, APPROVED
Review Authority: CunninFX
Review Comment: n/a
Review Content Flags:
Review Date: 30 APR 2003
Review Event:
Review Exemptions: n/a
Review History: RELEASED <30 APR 2003 by BoyleJA>; APPROVED <02 OCT 2003 by CunninFX>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
06 JUL 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: SOARES LUNCH WITH SUVAGERGUES: PORTUGAL NEEDS AID
TAGS: PFOR, PO, FR, (SOARES, MARIO), (SAUVAGNARGUES, JEAN)
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 06 JUL 2006